

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### PERSONAL EXPLANATION

Mr. OWENS. Mr. Speaker, today, I was unavoidably absent on a matter of critical importance and missed the following vote:

H.R. 4115 (rollcall No. 454), to authorize appropriations for the United States Holocaust Memorial Museum and for other purposes, introduced by the gentleman from Utah, Mr. CANNON, I would have voted "yea."

On the amendment to H.R. 4678 (rollcall 455), introduced by the gentleman from Virginia, Mr. SCOTT, I would have voted "aye."

On the motion to recommit H.R. 4678 with instructions (rollcall 456), introduced by the gentleman from Virginia, Mr. SCOTT, I would have voted "aye."

On passage of H.R. 4678 (rollcall 457), to provide more child support money to families leaving welfare, to simplify the rules governing assignment and distribution of child support collected by States on behalf of children, to improve the collection of child support, to promote marriage, and for other purposes, introduced by the gentlelady from Connecticut, Mrs. JOHNSON, I would have voted "yea."

#### GENERAL LEAVE

Mrs. JOHNSON of Connecticut. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4678.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentlewoman from Connecticut?

There was no objection.

#### DEATH TAX ELIMINATION ACT OF 2000—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore. The unfinished business is the further consideration of the veto message of the President of the United States on the bill (H.R. 8) to amend the Internal Revenue Code of 1986 to phaseout the estate and gift taxes over a 10-year period.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

(For veto message, see proceedings of the House of September 6, 2000, at page H7240.)

The SPEAKER pro tempore. The gentlewoman from Washington (Ms. DUNN) is recognized for 1 hour.

Ms. DUNN. Mr. Speaker, for purposes of debate only I yield 30 minutes to the gentleman from New York (Mr. RANGEL).

Mr. Speaker, I yield 2 minutes to the gentleman from the great State of California (Mr. HERGER).

Mr. HERGER. Mr. Speaker, Americans are being taxed at the highest rate since World War II. The worst example of this is the death tax, a provision that punishes Americans trying to leave a family farm or small business to their loved ones. Instead of being left a legacy built on hard work and dedication, grieving families are subjected to taxes so high, many are forced to sell their inheritance just to pay the IRS.

□ 1415

That is completely unfair. In my northern California district, some of the leading employers are family farms and small businesses. These hard-working Americans deserve tax fairness and the opportunity to pursue the American dream without being punished by the IRS. Let us do the right thing by voting to override the President's veto of the death tax.

Mr. RANGEL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, we are about to embark on the closing of this session and the question is whether we can get something done in a bipartisan way or whether or not we are going to move forward and have tax policy by looking for vetoes and by press conferences.

Clearly, everybody knows if my colleagues had any concern at all about small businesses and farmers being protected by estate taxes, then my colleagues would have joined with Democrats and petitioned the President to sign a bill so that we can give them instant relief, I mean relief now, not like this 10-year plan that my colleagues have that is going to bust the bank.

There is still time for us to work together on this and other matters. If, on the other hand, Republicans would rather have sound bites rather than sound tax policy and attempts to just make it an issue that the President has vetoed this, then we will not have an opportunity to come together and agree on a compromise so that we can both go home and tell the small business people and the farmers that we have protected them against inheritance tax.

So what I am suggesting to my colleagues, we can have our differences, but let us try to set a tone this evening that as we conclude this session that we will be in a better position to compromise and to get something signed into law. It is ridiculous to assume that every time we have an agreement that we are going to kick it up a notch and take away from the surpluses such an extent that we cannot give targeted tax cuts, that we cannot give prescription drug benefits to our aging, that we cannot give some assistance to our working families.

Mr. Speaker, this is the first volume to see how we are going to carry ourselves as we conclude this session, and I do hope that, even though we may

disagree, that we do not have to be disagreeable.

Mr. Speaker, I reserve the balance of my time.

Mr. STARK. Mr. Speaker, I rise today in vehement opposition to the GOP's attempt to override the President's veto of the repeal on estate taxes. President Clinton and my Democratic colleagues were right the first time on the estate tax and nothing has changed. This bill gives the wealthiest 5 percent of all Americans a \$105 billion tax break. This is just one more fiscally irresponsible bill to consume the non-Social Security budget surplus revenues before we address the needs of working families.

If Congress overrides the veto of H.R. 8, we will be well on our way to giving \$649 billion over 10 years in tax breaks for the wealthy. None of these tax bills will help working families. But passing a feasible and affordable Medicare prescription drug benefit will help all working families—not just wealthy families. Governor Bush, and my Republican colleagues, prefer to spend more money on the dead through the estate tax repeal, than on those who are living and need a worthwhile prescription drug benefit. Governor Bush proposes a prescription drug benefit that would force seniors to pay high out-of-pocket-expenses that lacks the guarantee of comprehensive coverage. Seniors need a solid prescription drug plan that offers them guarantees and predictability. They don't need a repeal in the estate tax. The GOP needs to reassess its priorities.

Offering a Medicare early buy-in plan to those who retire early but need health coverage will also help America's working families. The men and women in my district don't sit on estates worth \$20 million. They are forced to work until they are physically unable. When that time comes for those working men and women, I want to give them something back. I don't want to have to tell them that the 106th Congress spent their Medicare prescription drug benefit, or early buy-in health insurance on a tax break for Bill Gates.

All of the benefits from estate tax repeal will go to taxpayers in the top 5 percent income group. Those taxpayers earn at least \$130,000 per year. Ninety percent of the tax cut benefits will go to those in the top 1 percent income group—those earning \$319,000 per year. The GOP is attempting to mislead U.S. taxpayers through scare tactics. They have been throwing anecdotal "evidence" that family-owned businesses and farms face bankruptcy due to the evil estate tax. This is simply not true. For every dollar of farm estate tax cuts from H.R. 8, 99 dollars will go to other kinds of estates. For every dollar of small or family business estate tax cut benefits, 95 dollars or more will go to other estates. These other estates comprise the very wealthiest of all estates in the U.S.—those estates worth more than \$20 million.

The estate tax repeal—and the numerous other tax measures passed by the House—should be scrutinized with a measure of fairness. It hardly seems fair to come to the floor of the House week after week to provide hand over fist full of tax break dollars to the wealthiest U.S. taxpayers, when we haven't even addressed Medicare's solvency. In FY 2000, the

federal estate tax, if left unchanged, is expected to raise \$27 billion. That's more than double the total amount of federal income taxes paid by the bottom half of all taxpayers. Some leading estate tax repeal advocates, such as Steve Forbes and Dick Armey would suggest that we triple taxes on the bottom half of all taxpayers—with their flat tax proposals—to make up the lost revenue from the estate tax repeal.

Our children will be hurt by the estate tax repeal. This bill costs over \$105 billion over 10 years and \$50 billion every year after 2011. We could rebuild or repair every one of our schools for a little over \$105 billion. We could also provide health insurance for 7.7 million of the 11 million children currently without health insurance for \$105 billion. We could also enroll an additional 836,000 children in Head Start with the \$105 billion Republicans want to spend on the wealthiest 2 percent of Americans.

Before any Member of the House votes to override this bill, I want you to consider the opportunities lost. This bill isn't about helping out family-owned businesses and small farms. It's about helping the wealthiest taxpayers in America and denying seniors a solid prescription drug benefit. I urge my colleagues to sustain the President's veto and vote no on this bill.

Ms. DUNN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I appreciate the comments of the gentleman from New York (Mr. RANGEL), but the fact is that his proposal does not repeal the death tax.

Mr. Speaker, I rise today in strong support of this veto override and our bipartisan effort to eliminate the death tax. In his veto message, President Clinton made several arguments defending the taxation of death, and he proposed targeted tax credits for small businesses and family farms.

Unfortunately, this targeted approach being touted by President Clinton and Vice President GORE will target American families right out of relief. First, and perhaps most importantly, their proposal maintains the fundamental unfairness of the death tax.

It says that at the end of your life, after you worked hard to provide a legacy for your family, the government is still entitled to nearly half the fruits of your labor. I cannot accept this, Mr. Speaker, because it so grossly violates the fundamental virtues of thrift, diligence, and hard work.

Mr. Speaker, 95 percent of Americans believe that it is wrong to tax income during your life and then once again because you die to tax it once again.

Secondly, President Clinton and Vice President GORE believe that they can exempt family-owned farms and businesses by raising the family-owned business exemption to \$2.5 million. Well, I stand here to tell my colleagues that it will not work.

In 1997, with the very best of intentions, this Congress created the family-owned business exemption in order to

try to protect small businesses from the devastating effects of this tax. In order to qualify for this exemption, however, a family must meet many statutory definitions. These definitions have proven to be so overly complex that most estate planners tell us only 3 percent of their clients even qualify. Worse yet, those families who attempt to claim relief under these definitions find that the IRS challenges them two thirds of the time.

So in the rare instance when a family qualifies, they find themselves spending thousands of dollars in attorneys fees to defend themselves from the IRS. Despite very good intentions, Congress simply cannot recreate in tax law the complex family relationships that exist in the real world, so the oppositions approach will not work. And we should not pretend that it will work.

The Clinton-Gore proposal maintains high death tax rates and provides hollow relief for family farms and for businesses. Most importantly, it does not repeal the death tax. There is only one way to rid the code of this immoral, unfair, and economically unsound tax and that is to eliminate it.

I urge my colleagues to keep their commitments to their constituents and to vote in favor of the veto override.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Mrs. THURMAN), a member of the Committee on Ways and Means.

Mrs. THURMAN. Mr. Speaker, over the years, I, too, have heard some small business owners and family farmers and I empathize with their situation and I have worked to provide estate tax relief to farmers and small business owners as we did in 1997.

I am supporting a fiscally responsible alternative that gives estate tax relief where it is needed. That proposal would provide a married couple with a farm or a small business with a \$4 million estate tax exclusion in 2001. Today's phases in tax relief over the next 10 years. Let me repeat the choice before us, 10 years of waiting or immediate relief.

I do not want to face constituents who may lose a parent before the year 2010 and then learn that the promised estate tax relief does not exist. It is irresponsible for us to talk of relief in the future when we can provide that relief today.

Over the years, I have also heard from farmers and business people who recognize the importance of a strong economy which includes paying down the national debt. They agree with Alan Greenspan that a debt buyback helps the economy more than a tax cut.

If they knew that they could get a \$4 million benefit and a debt-free economy they would, too, be supporting this veto. Once the veto is sustained, the majority will have to explain to them why the promised tax relief in fact hurts their economic future.

During the earlier debate, I heard from a friend who is a family farmer and a transplant recipient. He asked me when he could expect estate tax relief and when he could get help for his prescription drugs. Under the majority's tax plan, he gets either one or the other.

Under the responsible \$4 million exclusion, he could get both tax relief and Medicare prescription drug benefits and a debt-free economy. Most of my constituents do not ask me about estate tax relief. They want Medicare prescription drug coverage.

If this veto is not sustained, they will get nothing to help them with their current needs.

The SPEAKER pro tempore (Mr. PEASE). Does the gentleman from Texas (Mr. ARCHER) claim the time of the gentlewoman from Washington (Ms. DUNN)?

Mr. ARCHER. I do, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ARCHER) controls the time.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from Missouri (Mr. HULSHOF), a respected member of the Committee on Ways and Means.

Mr. HULSHOF. Mr. Speaker, the question is a simple one, I say to my friend from New York (Mr. RANGEL), should the death of a family member be a taxable event? Should the passing of one's mother or father who have worked hard to build a business to pass on to their descendants, should that event, that personal tragedy, should that be a taxable event?

If my colleagues believe that it should be, then vote to sustain the veto of the President. If my colleagues think it should not be a tax event, then vote to override the President's veto.

Mr. Speaker, I appreciate the gentleman from Texas (Chairman ARCHER) for yielding me some time, and I suspect that we are going to hear throughout this period of debate the weary class warfare argument from the defenders of the death tax, that this is a tax for the wealthy.

Rather than get caught up in revenue projections and distribution tables and effective dates and whether we have an immediate tax relief or not in our prescription drugs, I would like to tell my colleagues briefly about a constituent family of mine, the Eiffert family. Howard Eiffert began a lumber business in 1965, with very little capital and through a lot of hard work has built a business, the Boone County Lumber Company, that now employs 30 full-time employees. His two sons, Greg and Brad, are looking forward to taking over that family business.

Howard is now 66 years of age and hopes that he can pass that lumber business on to his sons who want to continue the business. But because the tax is still on the books, Greg and Brad

Eiffert are required to pay \$35,000 a year. Let me repeat that, Greg and Brad Eiffert, the sons of the founder of this business, are paying \$35,000 a year in annual premiums for a life insurance policy, the sole source of which proceeds will be used to hopefully pay off the entirety of the tax bill when that estate, that business is passed to the next generation.

Now, \$35,000 a year could hire a very good full-time employee, not to mention the fact that if they do not pay this fee every year, that the death tax will require the closure of the business, which means, in addition to the loss of the property taxes and the payroll taxes and the income taxes that they already pay, the loss of 30 steady paychecks. I urge this body to vote to override the President's veto.

Mr. Speaker, it is a shame that the House has to consider an override of the President's veto today. The President should have done the right thing and signed the bill to bury the Death Tax once and for all. Unfortunately, he didn't, and I rise to urge my colleagues to join me in voting to override the President's veto.

We have heard the same-old, tired class-warfare rhetoric from the defenders of the Death Tax. We have heard that it only benefits the rich. My friends, your vote should be based on one question and one question alone—do you think that death should be a taxable event? Should death trigger a tax as high as 55 percent on a lifetime's worth of hard-work? My answer is no. That is why we should undue the harm done by the President's veto pen.

We can talk about this issue in the context of revenue projections, distribution tables and effective dates. But I want to take a minute to tell you about the Eiffert family in Columbia, Missouri. In 1965, Howard Eiffert started Boone County Lumber Company. Today, his son Brad and Greg help run the business. Howard is now 66 years old and would like to pass the business on to his sons. But this isn't as easy as it seems. The Death Tax looms over this dream like a dark cloud. The Eifferts pay \$35,000 a year in insurance premiums in preparation to pay the Death Tax when the day of Howard's passing comes. Howard and his sons Brad and Greg are the real faces of the so-called "rich" that supporters of keeping the Death Tax love to demonize. Keeping the Death Tax on the books is not fair. Fairness dictates that the Eiffert's hard-work should be rewarded, and the Boone County Lumber Company should continue into the next generation.

The Eiffert's situation is but one example of why we should kill the Death Tax. This tax is inefficient. It kills jobs. It punishes those willing to take risks and allows the tax code to wreck a lifetime of hard-work. But most importantly, retaining the Death Tax is plain wrong. I know it, and the Eiffert family certainly knows it.

Mr. Speaker, I urge my colleagues to vote to override the President's ill-conceived veto.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM), who certainly has a reputation of being a friend of the farmer and small business.

Mr. STENHOLM. Mr. Speaker, if we believe that repeal of the estate tax is more important than eliminating the national debt and protecting the integrity of the Medicare and Social Security trust funds, vote to override the veto of this bill.

However, if we agree that eliminating the national debt and protecting Social Security and Medicare is a more important priority than any new spending or tax cuts, then vote to sustain this veto.

Let me tell my colleagues what I am for. I am for estate tax relief for all estates up to \$4 million effective January 1, 2001. The Democratic alternative that could have been signed into law would have immediately repealed the estate tax for all family-owned small businesses, farms, and ranches under \$4 million and reduced rates on all other estates. It would provide immediate relief, instead of delaying relief for 9 years as the bill before us would do.

Now, we hear a lot today about the \$4.6 trillion surplus, but I would remind our colleagues in this body, these are just projections, and we know it.

Budget projections that have changed repeatedly for the good over the past 3 years, they could just as easily change for the worse in the next 3 years. What happens then if we have already pocketed and spent these surpluses?

It is easy to get applause in a town hall meeting by repeating the line "you deserve the tax cut because the surplus is your money" and that is the truth. But that line does not tell the whole truth. What it leaves out is that we still have a \$5.6 trillion national debt, \$7.9 trillion unfunded liability on Social Security and trillions of dollars of unfunded liabilities in Medicare and other retirement programs.

Those who justify massive tax cuts first by saying that the surplus belongs to the American people and should be returned to them forget to mention that these debts also belong to the American people.

The cost of this bill before us that has been vetoed would keep growing and growing just at the time Social Security and Medicare began to face financial problems in 2010. Until we deal with the long-term financial problems of facing Social Security, we need to be fiscally responsible about any tax or spending bills that would place a greater burden on the budget in the next decade.

If my friends on the other side of the aisle who have been making speeches as we already heard about small business owners and ranchers are serious about helping these folks, I hope they will take the President up on his offer to sign legislation that would provide immediate and fiscally responsible estate tax relief for small businesses and family farms.

The folks I represent back home want a meaningful estate tax that is

enacted into law, not more political speeches about whose fault it is that we did not accomplish anything. I want folks who have a farm and a ranch and a small business just like my friend, the gentleman from Missouri (Mr. HULSHOF) to be able to leave the fruits of their labor to their children, but I do not want to leave future generations with a massive national debt and unfunded liabilities in Social Security and Medicare because we want to do the politically popular thing in the year 2000.

□ 1430

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), another respected member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank the chairman of our committee, I thank the Speaker, and I thank my friend from Texas who preceded me in the well, because he failed to point out one essential part of the equation. You see, it is legitimate to have differences of opinion and to disagree without being disagreeable, and Mr. Speaker, I think it is painfully apparent.

Our friends on the left believe there is a higher and better use for your money in the coffers of the Federal Government. My friend from New York said it very clearly in the Wall Street Journal: "We will have to figure out who hasn't been hit so hard and take away some of what they have earned."

But the other portion, my friend from Texas left out. Should the Vice President of the United States become President of the United States, just yesterday, Mr. Speaker, he outlined a budget plan that would spend all of the surplus; and while I do not doubt my friend from Texas' commitment to cutting the deficit and the national debt, the fact is our friends on the left had 40 years and they were so caught up in spending that they spent all the monies, including the Social Security monies.

So what we say is this, and, again, I would enjoin my friends to disagree without being disagreeable: the fact is there is a philosophy on the left to take away what people earn. The fact is also that many of our friends on the left, fully one-third of the minority, including every member of the Democratic Party serving here from Tennessee, voted for death tax relief.

We ask folks to join with us to say let us put this unfair death tax to death, because we can continue to pay down our debt and we can also get rid of this onerous tax. As my friend from Colorado has said, "no taxation without respiration." It is unfair to have to visit the undertaker and the tax collector on the same day.

I represent family farmers who are fiscally conservative, who care about Social Security and Medicare, but also

care about their children and also care about their fellow citizens, and we should get rid of this tax. Vote to override the veto.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Florida (Mrs. MEEK).

Mrs. MEEK of Florida. Mr. Speaker, it is my pleasure to say to the House today that I am voting today to sustain the Presidential veto, and I would like to ask my Republican friends to refrain from putting Presidential politics into this issue.

This issue is extremely important. We have the lives of people who need Medicare, people who need Social Security. The vast majority of working families do not need us to cut funds away now for a tax break for the very, very rich. Two percent of the population will benefit from this tax.

I am saying to this Congress and to America, it is time now that we talked about people who need Social Security, people who need Medicare. The repeal of the Federal estate tax benefits a relatively small number of individuals. We have got to begin to think about the entire American public.

What about the rest of us? What about those of us who are on low and middle incomes who need better schools? You keep talking about better education. Let us put your money where your mouth is. You keep using political nuances. We must solve the problems of this country. We need less crowded schools; we need an increase in minimum wage. There are so many things we need before we take all of the money off the top for 2 percent of the wealthy.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. TRAFICANT), this body's most outspoken advocate for the working people of this country.

Mr. TRAFICANT. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, World War I is over. It is time to stop taxing death. It is out of control. America is literally taxed from the womb to the tomb, from the doctor to the undertaker, and the White House has blinders on. They say it helps the rich.

The facts are clear: the average small business in America spends \$35,000 a year on insurance, attorneys and accountants for their estate planning, and that does not include the tax they will pay down the road.

It has gotten so bad, and I wanted to compliment this chairman on this bill, that at one point in our history the estate tax was 77 percent. Seventy-seven percent. Are we nuts?

And this class warfare business that continues to hit the floor, rich man, poor man, is un-American. Whatever happened to the old slogan in America, "be all you can be"? Work hard, build a nest egg for your family.

The veto gives us a new slogan. The President is saying "join the pack, give it back. Share your nest egg. Be damned with your family. Hard work and industrial behavior does not mean anything in America."

Mr. Speaker, that is not capitalism; that is communism. That is not America; that is totalitarianism. That is wrong.

Is it any wonder America is taxed off? On behalf of many families, I say today, tax this. It is time to override this President's veto, and it is time for the Democrats to step up.

Enough is enough. This Tax Code has turned away families, rewarded dependency, penalized achievement, subsidized illegitimacy, and now takes us to the cemetery with a tax collector. Beam me up.

I will vote to override this veto, and I encourage every Member to look carefully at this vote. It is more important than just election politics for the White House.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. NEAL), a knowledgeable member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, the problem with what the previous speaker just said is that 98 percent of the American people are not affected by this. This is clearly an effort to reward 2 percent of the American people. That is what the estate tax is about.

Let me give you the strategy that has been employed here by the Republicans. Let us have a big tax cut, \$1.3 trillion. It went nowhere with the American people. Let us separate it out in pieces. It went nowhere with the American people. Let us contest the President's veto. It went nowhere with the American people. And do you know what, they are still at it. They are still at it, even though they see polling data that indicates clearly that the issue is crystallized and the public sides with us on this.

We could do something constructive on this issue. The Democrats came up with a great alternative here today, \$4 million of exemptions that would take care of all of the people that they have noted here today.

The previous speaker said "override the President's veto." The overwhelming truth here is that the President offered a good fix on this issue, along with us in the Democratic Caucus, and the other side refused to accept it. Stand with the President on this veto today.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. CALVERT).

Mr. CALVERT. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I rise in opposition to the President's veto of H.R. 8, the

Death Tax Elimination Act. One point I want to make, those 2 percent we keep hearing from our friends on the right, or on the left, I should say, those 2 percent hire a substantial amount of the people that work in this country. Keep that in mind.

This estate tax plan is simple, and we need to make sure that we sustain the President's veto.

It is disgraceful as a result of the estate tax more than 70 percent of family-owned businesses do not survive the second generation. Seventy percent of family-owned businesses do not survive the second generation.

Earlier this summer we had a vigorous debate about free trade, protecting jobs of American men and women, and then forcing 70 percent of Americans to sell off a family-owned business to protect American jobs. Is this the American dream? I do not think so.

This estate tax is simply Uncle Sam double-dipping into the pockets of hard-working Americans. First we pay income taxes, then Uncle Sam comes back for more and more taxes, and the estate tax, which is now taking 55 percent of the value of an estate upon death.

This estate tax is extremely hard felt in my State of California where land prices are extremely high. Please vote to override.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. DEUTSCH).

Mr. DEUTSCH. Mr. Speaker, this is an issue where there is truth on both sides. There are competing interests here. There is an interest in really dealing with hard-working Americans who have paid tax on their money, but there is also an interest of concentration of wealth.

As a society, do we really want a threshold of no threshold on estate tax? Someone being able to transfer \$20 billion, and families transferring \$20 billion? As a society, that is a bad thing.

I think what we need to do as we look at what the reality is, \$675,000 in today's world is not an acceptable number, and that number should be raised. We should have a debate and we should have policy, and we should not be playing games with the American people like the majority party is doing right now.

I have legislation that I am going to introduce literally right now that would raise that \$675,000 to \$5 million and index it for inflation. I do not know if \$5 million is the magic number, but the reality is that is what Americans want that would be good public policy; that would be a compromise that the American people would support and the President would probably sign.

If we want to make policy, pass this legislation, and stop playing games with the American people.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, I met Bill and Mary Cross and Richard and Judy Beuth in Northern Illinois. They are the 2 percent. They get up early, they work all day, just to put food on the table of Americans. They are only 2 percent; and, therefore, if we follow the minority, they are insignificant and they do not count. But they are America's farmers.

When Richard Beuth's mom died in 1995, and then dad died in 1998, for the privilege of being able to farm this Centennial Farm, which has been in the family for over 100 years, he had to mortgage the farm for \$185,000. They are not rich. These are American farmers, and I represented many of them as an attorney, and I was at the auction sale when the gavel fell that cut a family farm in half just to pay the death taxes. They are not rich. They put the food on the table of America.

Mr. President, look at them in the eyes, the ones who get up real early and work 20 hours a day, crying out for help. America's farmers are being called "rich" and "insignificant." This is the bill to help them out, Mr. President; and you vetoed it, and you looked at them right in the eye and you said "you don't count."

Well, they do count. The Crosses, the Beuths, the Wilmarths, the Eberts, the Kappenmans, the little people across the world that put the food on the table. They are America's farmers. It is because of them and for them that we should override this veto.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BONIOR), our distinguished minority whip.

Mr. BONIOR. Mr. Speaker, I just heard from the distinguished gentleman from Illinois speak with passion, and I would say to him with all due respect that the plan that you have offered will take 10 years to phase in to help those farmers that the gentleman just talked about.

The plan that we have been talking about and we have been arguing for will cover up to \$4 million in exemptions for businesses and for farmers like the gentleman has just described, and it will take effect immediately. That is the difference.

Mr. Speaker, years from today, when historians consider the effort to repeal the estate tax, they will say never have so many spent so much time to give so much money to so very few.

□ 1445

When I listen to the folks that I represent back home, and I know many Members have just come from their districts, what they are talking to me about is better schools, a stronger social security system, improving Medicare to include a prescription drug ben-

efit. They want us to reduce the national debt.

That is what I think all of the Members are hearing. There are not a heck of a lot of people telling us to put these priorities on the back burner so we can repeal the estate tax for the Bill Gates' of the world.

There is a reason for that. Ninety-eight percent of all Americans will get absolutely nothing out of the estate tax, nothing. But there are a few people who stand to gain, they are the richest 2 percent of Americans, never mind that it will cost \$50 billion a year for the richest 2 percent to get the benefits of this bill.

Let me just conclude, Mr. Speaker, by saying that we have a sensible alternative that I have just described. It is a reasonable alternative. It goes into effect immediately. It is the better approach. It is the more responsible, fiscally, approach to this problem. I hope we will sustain the President's veto on this important piece of legislation.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas (Mr. DELAY), the respected whip of the House.

Mr. DELAY. Mr. Speaker, I thank the chairman for yielding time to me.

Mr. Speaker, today we have a final chance to save family farms and small businesses that will be sacrificed to pay the unfair death tax. This vote is about whether or not we stop the Federal government from confiscating farms and businesses through an aggressive tax that attaches a penalty to the end of life.

It is not the top rich. The rich do not pay these taxes. It is people like me when I used to be in the pest control businesses. It is a plumbing business that puts all of its assets aside as they build this business and create jobs.

These are people that do not make \$100,000, \$200,000, \$400,000 a year. Most of the time these people take in \$60,000 or so to fund their own families. Then when they die, the government comes in in a very unfair way and takes their businesses, and also costs jobs because the people that work for those businesses lose their jobs because they have to liquidate in order to pay this onerous tax.

The death tax punishes Americans who achieve their financial dreams. What is worse, it targets American farmers and these small business owners that are trying to sustain what they have worked their whole lives to build. When the death tax comes due, the surviving relatives are already wrestling with the tough decisions that follow a loss in their family, and this tax complicates matters by forcing family members to liquidate these farms and these small family businesses.

This is wrong. It is unfair. It has been unfair for years. Most Americans recognize that this tax sends the very

wrong message. That is why voters overwhelmingly support our proposal to bury the death tax.

This debate also raises a critical question about our national priorities: Should surplus dollars be kept in Washington to be spent by politicians, or should that money be returned to the men and women who earned it?

Our position is clear. Republicans believe that the American people can identify and address their own priorities. We believe that they are far better equipped to know their best interests than any Washington bureaucracy ever can be.

Republicans support two options to return the surplus to the American people: We should either return the surplus to them through tax relief, or give the surplus back to the American people by paying down on the public debt.

By supporting this bill, by overriding the President's veto, Members will end the death tax today and empower American families tomorrow.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I represent the State of North Dakota. I represent more production acres of agriculture than any other Member of the House of Representatives. My, my, my, I have not heard so much concern about our family farmers in four terms in this Congress than I am hearing in the course of this debate.

The fact of the matter is, it is time for a little truth in advertising. This bill is not about family farms, this bill is about tax relief for the wealthiest few in this country.

Let us just take a look at the numbers to put this in perspective. Of taxable estates, those containing farm assets from 1995, 1996, and 1997 represented one-tenth of 1 percent of the taxable estates. That was before the increase, and a significant increase, bringing it to a \$2.6 million unified credit today.

It is time we raised that credit. We have had some powerful presentations on the other side. The comments of the gentleman from Illinois (Mr. MANZULLO) were particularly well done in terms of actually having gone to an auction and basically about a family having to sell assets to pay the estate tax.

If indeed that is the situation, even for a few family farms, let us address it and let us address it right now. The majority bill does not do that. The vetoed bill does not do that. It phases in this credit over time, leaving relief for the very end for those families that are subject to so much discussion on the other side.

I want Members to look at this chart right here. This chart shows who is

going to get help. The blue is the Democrat alternative. The red is the Republican bill. This is in year one of this Republican plan. We can see the help for these families is right now under the Democrat bill. They say, see us later, see us later, under the majority bill.

Okay, let us go down a few years. This is the year 2009, almost a decade from where we stand today, relief under the Democrat bill, and here is relief under the Republican bill, barely phased in. Basically, they have to wait 10 years if they are the kind of family farmer, if they are the small business owner that the other side is talking so much today about.

If the need is so urgent, and the majority whip said that this is the final chance, this is the final chance to save family farms and small businesses from being confiscated from the death tax, then why in goodness' name does he wait 10 years to phase in the relief?

If it is that much of a problem, let us do something about it and do it now. That is what the Democrat alternative does. We do it in a way that does not bust the budget, that does not take away our chance to pay off the national debt.

By skewing this whole package for the wealthiest few at the very top, they deprive relief to those who need it, and they bust the budget while they are at it.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Washington (Mr. METCALF).

Mr. METCALF. Mr. Speaker, the death tax is confiscatory taxation at its very worst. Many family farms and small businesses do not have the cash flow necessary to pay the inheritance tax. Many family farms and small businesses must go out of business and use the assets to pay this devastating tax.

This veto override is our opportunity to solve this situation, to do what is right for the small businesses of this Nation. Besides, the cost of collection of this tax eats up most of the receipts it brings in. We must override this very unwise veto.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I rise in opposition to the motion to override the President's veto of H.R. 8. Estate taxes do place a burden on American small businesses and farmers, but this vote is nothing more than a back-door attempt to enact the first installment of the \$2 trillion tax cut that my Republican colleagues want to do.

I guess it is frustrating, Mr. Speaker, because I wonder where our Republican progressives have gone to in seeing these kinds of tax cuts.

Let me read a quote that I picked up over the weekend: "I do not believe that any advantage comes either to the

country as a whole or to the individuals inheriting the money by permitting the transmission in their entirety of such enormous fortunes as have been accumulated in America. The tax could be made to bear more heavily upon persons residing out of the country. Such a heavy progressive tax is of course in no shape or way a tax on thrift or industry, for thrift and industry have ceased to possess any measurable importance in the acquisition of the swollen fortunes of which I speak."

I will not read the rest, but that was by Theodore Roosevelt, a progressive Republican who knew what it was not to let the richest people in this world save taxes where it should be spent.

America is about a democracy, about saying, hey, let us give everybody a chance. Sure, we can take care of the family farms, of the small businesses, and in parts of the country where our homesteads and houses have accumulated, that would be done. But the Republican strategy is going to fail because it means that there will be no estate tax relief this year or next year for small businesses and farmers.

Our colleagues, if they were serious about an estate tax, they would have worked with some of us and said, hey, we had an alternative that took care of all the problems we hear about, whether it is the local auction or not. But does Bill Gates really need a tax cut anymore than the Rockefellers did in the last century? No.

The Republican plan helps the wealthiest 2 percent of the American families and does nothing for the 98 percent of Americans who are still out there. What we need to do is pass real estate tax relief that will help the small estates, family farms, and the people who have their family homes. That is what we need to do.

I would hope that we would override this veto, because then it takes a big chunk out of trying to also pay down the debt, take care of social security, Medicare, the defense of our country, everything else we want to do.

Let us do something reasonable. We can make estate tax cuts part of the package before the end of this year, but we need to do it after we sustain this President's veto.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. COX).

Mr. COX. Mr. Speaker, I thank the chairman for yielding time to me.

I have heard here an attempt to make this debate one about the super rich instead of the family next door; to make it about only 2 percent of the super rich instead of half of the American population; to make it partisan, when in fact it is very bipartisan.

This legislation went to the President backed by Democrats and Republicans. A big number of Democrats supported this, 65, in this House. While AL GORE is campaigning it as some Repub-

lican plot, the entire delegation of Tennessee voted for this, including all of the Democrats, including our distinguished African-American colleague, the gentleman from Tennessee (Mr. FORD), a keynote speaker at the Democrat convention.

Before we question the motives of people supporting abolishing the death tax, let us consider that more is at stake here. This is not about the super rich. Bill Gates will never pay this tax and everyone knows it. Those are the only people who we know to a certainty who will never pay this tax.

But working men and women will pay not just the 55 percent, not just the 60 percent confiscatory rate, they will pay 100 percent when they lose their jobs, when the business for which they work is sold out to pay the tax man. It is time for the death tax to die.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes and 10 seconds to the distinguished gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, there they go again, Fantasy Island. The Republican majority would rather fight for the wealthiest interests in America than agree to eliminating the estate tax for 98 percent of Americans. They would rather put at risk the soundness of our economy, the stability of social security, the reliability of Medicare, and the ability to pay down the debt while investing in our children's education than give up on a plan that gives a \$10.5 million average cut to 329 estates, and a \$50 billion cut to the top 2 percent of estates. That is the truth.

The truth is more than half of the benefits of this Republican bill will go to less than one-tenth of 1 percent of all Americans. I support the Democratic alternative which gives all estates relief now, not 10 years from now, as this bill does.

The President was right to veto this bill. He wants and I want a tax relief bill which is fiscally responsible and is targeted for the majority of working families. This bill would drain more than \$50 billion annually to benefit just thousands of families while taking resources that should be used to strengthen social security and Medicare for millions of families.

□ 1500

I want tax cuts which will protect family farms and small businesses, but that will also help families send their kids to college, provide for long-term care, pay for child care, and help communities build badly needed schools.

We can do this, Mr. Speaker, if the Republican leadership will sit down at the table of democracy and reach agreement with those of us who were also elected to reason with one another on behalf of the American people.

If the majority will unlock itself from the grip of the special interest, we can legislate constructively and cooperatively on behalf of all of the people



and just not for a very few of the people. Let us sustain this veto.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from Illinois (Mr. CRANE), a respected member of the Committee on Ways and Means.

Mr. CRANE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I would like to read to my colleagues a letter that I received just yesterday from a constituent of mine in Barrington, Illinois.

"Dear Congressman Crane: I urge you to override President Clinton's veto of H.R. 8 (death tax elimination).

"I personally have a friend whose grandfather owns a farm which has been in his family since 1732. When he passes away, his family will have no choice but to sell the farm in order to pay the death tax.

"Every person who owns such a property or business started up with money which was saved after paying regular income taxes earlier. It just doesn't seem fair to force them to sell or pay again.

"Sincerely, Roger Hedberg, Sr."

The death tax means an end to a family's heritage. That farm has been in the family for 268 years. If someday they sell the family farm it should be their own choice. They should never be compelled to do so to pay a tax that should never have been enacted.

The death tax is an immoral, obscene tax. It is a tax belonging to a philosophy of envy, fear and greed. That is the wrong philosophy for America in the 21st century.

The death tax should be repealed immediately, and I urge my colleagues to do the right thing and vote to override the President's ill-advised veto of this bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, my colleague the gentleman from Texas (Mr. DELAY), the Majority Whip, asked the question do we spend the surplus or do we send it back? I would remind the gentleman from Texas (Mr. DELAY) that, when he first came to Congress, our Nation was about \$1 trillion in debt. It is now \$5.7 trillion in debt.

See, contrary to what some folks would have us think, the debt is not only disappearing, it is growing and it is growing by the month. These figures are all available in the monthly Treasury statements. I encourage every American to look it up on the World Wide Web.

See if you do so, you will discover that just in the past year, the debt of this Nation has increased by \$40 billion, \$40 billion. That is 40,000 million dollars that we are more in debt than we were a year ago.

They do talk about a surplus, and there is a surplus. But the only surplus

is in the trust funds, things like the Social Security Trust Fund, things like the Medicare Trust Fund, things like the Military Retiree Trust Fund. See, if we remove the trust funds, then we spend \$13 billion more than we have collected in taxes.

So when the gentleman from Texas (Mr. DELAY) and others say let us give 2 percent of the American people a tax break, I ask them, and please answer me, whose trust fund are they going to steal it from?

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. ARMEY), the highly respected Majority Leader of the House.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, every day of their life, moms and dads all over this great Nation get up and go to work. They go to work and they earn a living. They take care of their family. They try to build a home. They try to educate their children. They pay their bills faithfully, decent, honest, hard working American people. From every dime's worth of income they earn during the year, they pay their taxes faithfully. When there is something else, they try to save, and maybe they tried to build, and maybe they try to accumulate something.

As they work all their life for their children's well-being, for their comfort, for their safety, their security, their health, they also believe that, if we are really successful, mom, we do a good job, we keep the family farm together, we build this small business into something, create a few jobs for some of our friends and neighbors, when it is all over, we might be able to leave it to our children. They are not working that hard. Paying their taxes, paying their bills, saving, being double taxed on what little bit they can save, watching their little business grow because they are looking forward to the day when they die and leave it to the government.

Yet, this government, with its tax code which is rife with silliness, disincentive, hurt and harm for every American for every time they ever do the right thing stands uncorrected.

The gentleman from Texas (Mr. ARCHER) has labored in his vineyard for 30 years. For 30 years he has seen the silliness multiply in the Tax Code. Today he said let us just take one onerous, obnoxious, wrongful, unfair provision out of the Tax Code.

Let us stop the death tax. Why? It is not about the money. If my colleagues think it is about the money, they have missed the point. It is about the character of our Nation. It is about loving a Nation that loves its children and build its own future.

Yes, we have prosperity. The American people gave it to us, not this Federal Government. Because we have prosperity, we have \$268 billion in budget surplus.

For the 30 years that the gentleman from Texas (Mr. ARCHER) was here, 26 in the minority, not one dime was ever committed by Congress when the Democrats were in the majority to buying down a penny's worth of national debt. They raided the Social Security Trust Funds and spent it on all kinds of risky spending schemes. They went on and paid all that debt and let it mount up.

Now America, because it built its small businesses and sustained its small farms, America gave us the surplus. Eighty-five to 95 percent of this surplus is already committed to debt reduction. In just the last few years since the Republicans took the majority, we will have paid down by the end of this year nearly a half a trillion dollars in debt. That is 500 billion dollars in debt.

After that, we said let us get rid of one onerous, obnoxious, stupid, unfair provision of the Tax Code, the death tax. The Democrats as always, as always, with every tax reduction one ever brings to the floor of this House, label it a risky tax scheme for only the best, only the richest, and they regret that that fellow is going to die and get a tax break.

Well, let me remind my colleagues, Mr. Speaker, one does not give the dead guy a tax break. He is in his grave. What one does is abstain from stealing his life's work legacy from his children. That is right. To take a man and a woman's lifetime's work away from their children is wrong. No government should do that, certainly not a government that embraces American values and family values. It is wrong.

The gentleman from Texas (Mr. ARCHER) is correct to be here where he is today in his 30th year of service of the Congress of the United States. He says once, once in 30 years, let us do something that is right in the Tax Code, let us get rid of some silliness, add some sanity.

I applaud the gentleman from Texas (Chairman ARCHER), and I implore all of my colleagues to vote to override the President's ill-advised veto. Hold that family estate, that family farm, that small business for the children of that loving mother and father that worked so hard for all those years, and keep those jobs for those loyal employees who would otherwise be driven out of work. Let us do the right thing. Just once in 30 years, join with the chairman and do the right thing.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, I rise to explain why I will vote to uphold the President's veto today.

I am on RECORD as having voted for H.R. 8 as well as the Democratic plan. The estate tax puts an undue burden on small business owners and farms who are the heart of America's middle

class, often making it difficult to pass their enterprises on to family members.

It is my firm belief that the estate tax in its current form needs to be changed. There is no argument there on either side. The President has shown that he is willing to sit down and work out a solution with all parties rather than this be bipartisan.

He said and wrote to us, the entire House of Representatives, on August the 31st, "I am returning herewith without my approval H.R. 8, legislation to phase out Federal estate, gift, and generation-skipping transfer taxes over a 10-year period. While I support and would sign targeted and fiscally responsible legislation that provides estate tax relief for small businesses, family farms, and principal residences along the lines proposed by the House and the Senate Democrats. . . ."

This should not be a partisan issue. I am opposed to allowing taxpayers to be pawns in an election year battle. This political posturing today is unfortunate. I have voted for many of the very taxes that have been proposed on both sides of the aisle, and I voted for the repeal of this tax. But we need to take a look at all of this together. As we say in science, the gestalt, the total body of proposed tax cuts to see what it adds up to.

We cannot jeopardize the surplus, and we cannot jeopardize future generations. This is what we need to be smart about. Before this is all over by October 1, I am sure we will be.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a respected member of the Committee on Ways and Means, and a great American hero.

Mr. SAM JOHNSON of Texas. Mr. Speaker, we must repeal the death tax that penalizes American values. The dollars are there, unlike what the gentleman from New Jersey (Mr. PASCRELL) ahead of me said.

Unfortunately, the Clinton-Gore administration and most of their Democratic allies support the death tax, and yet they make all sorts of arguments to justify yet another unfair tax. Do not believe them. They are up to their old class warfare tricks.

Here is the truth. For too long the death tax has punished our families and small businesses. The death tax punishes families who save and who have worked hard all their lives. Worst of all, the death tax punishes their grieving children who have to sell their parents hard-earned assets just to pay the tax man. The death tax punishes those workers who are employed by the small businesses and farms. That is just not right.

Americans hope to achieve the American dream and be able to share the fruits of their success with their children. We do not need Washington tax collectors operating a toll booth on the

way to heaven. Unfortunately, President Clinton and his fellow supporters of the death tax just do not get it. They think Washington is more important than American values.

There were 65 Democrats who voted to repeal the death tax in June. Will they have the courage to do what is right for America, or will they change their vote and blindly follow their party in an election year? Enough is enough. It is time to start repealing taxes on American values. Get rid of that toll booth on the way to heaven. Repeal the death tax.

Mr. RANGEL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, the moment of truth has arrived, and that is do we want to give relief to small business people in connection with estate taxes and to farmers, or are we really looking for a campaign issue; and that is that we force the President to have a veto.

Clearly, there is a way to give relief immediately, and that is to sustain the President's veto and demand that, as we conclude our work in this session, that the President give some priority to giving relief to estate taxes.

I can assure my colleagues, in speaking on behalf of the Democrats, that we would like to join with you in this effort where we can go home and campaign on so many other issues that we disagree with. But at least on this issue, we would be able to say that all estates that come up to \$4 million would be exempt, that all individuals would automatically have \$1 million exemption.

□ 1515

Oh no, it would not take care of the very, very, very rich; but it would take care of the working people that work every day and protect the assets that they leave for their children and their children's children.

Now, it is true that we can fight on each and every issue. We can fight against prescription drugs for the elderly, we can fight in terms of giving tremendous tax cuts, again to the very rich; but it would seem to me that we would be enhancing the reputation of this great august body if we could just find something that we could agree on and just not dismiss the Democratic alternative.

We know that our Republican colleagues know that we protect the people that should be protected under our substitute. We know that the President would never have vetoed this bill if he thought it was the right thing to do by the people who could be hurt with an estate tax. And the most important thing is that the American people can tell the difference between a political ploy and those people who want to provide a legislative solution to what amounts to a real problem.

Again, I am saying that Republicans and Democrats have not talked with

each other too much during the last couple of years; and that is mainly because, well, they have chosen to look for confrontation; they have chosen to take the areas that we agree with and kick it up a notch to make certain that the President is going to veto. This is so whether we talk about minimum wage, the marriage penalty tax, and now as we deal with estate taxes.

I would suggest, Mr. Speaker, to those people who want to support the President, support the American people, support small businesses, support the farmers, that this is a great opportunity for us to reach across the aisle and have this bipartisan effort so that we can tell the American people that we can work together, even though we did not start off that way. This is an opportunity for us to do it, and I suggest to my colleagues that we try working together before the election, at least on this bill.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. WAMP).

Mr. WAMP. Mr. Speaker, greed is a bad word; but profit is a good word, and we have got to separate the two.

I do not like all the class warfare that has been played on this issue. But while we are talking about it, let me say to my colleagues that if they want big corporations and multinational corporations to buy small businesses at a fire sale price from small business people who are the engine of the American economy, then vote to defend the President's veto here. My colleagues should want to side with small business people and not with large corporations and multinational corporations that are going to gobble up all these small business people. That is literally what happens when a fire sale is forced. That is not fair. That is not right.

But let us not trash the free enterprise system. It is what people in Eastern Europe and the Soviet Union really wanted of the American Dream, an opportunity to have things for their family that they never had or to have a business and to literally go to work and know that the sky is the limit on opportunity.

So let us defend the free enterprise system, but let us most importantly defend the small guy, the small business people and the family farmer. That is what we are trying to do. It is the right thing. And I do think everybody should join in in a bipartisan way.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. FARR).

Mr. FARR of California. Mr. Speaker, I thank the gentleman for yielding me this time.

I think we see ourselves in a situation that is good news-bad news. The good news is that we are talking about reform, and there is no dispute in this



country that we need reform. Everybody is talking about it. The Democrats have had an alternative; the Republicans have a total repeal. The bad news is that there is no real interest in reform. It is just interest in sending a message.

If my Republican colleagues were really interested in pure tax reform and helping the people they talk about, they would have gone down and worked out with the President something he would sign. And he said he would sign something as long as it was reasonable. But this is just total repeal. And my colleagues knew that he would veto that, and that is mean.

I am one of those who voted with my Republican colleagues because I thought perhaps they would lead us into a meaningful discussion of how we could have reasonable inheritance tax reform. My colleagues have not done that. They have failed in that leadership. They have been more interested in a political message than in trying to solve this problem in the United States. Shame on them.

And that is why some of us are going to start supporting the President in his veto, because the Republicans did not want reform, they just wanted a message.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the gentleman from Missouri (Mr. GEPHARDT), our distinguished minority leader.

Mr. GEPHARDT. Mr. Speaker, I rise today in strong support of the President's veto, a veto that speaks volumes about the differences that divide us, about our competing agendas.

This weekend I was back home in my district in St. Louis; and I went door to door, as I always do, and I heard from the working families who live in my district. In all the many conversations I had with my constituents, I did not get one question about what we were going to do to get rid of the estate tax. I did not hear one soul tell me to wipe out taxes for the wealthiest 2 percent of the American people.

The people in my district, like I expect the people in my colleagues' districts, are not interested in tax breaks for the wealthiest Americans. They are not interested in going back to the Reagan years, the Bush years of red ink and large deficits and high interest rates and high inflation and high unemployment.

Let me tell my colleagues what the people did talk about. They talked about when we are going to get a prescription medicine program for senior citizens in Medicare. They talked about getting protections from HMOs and insurance companies, so that, God forbid, the doctors and nurses were making important medical decisions and not accountants and HMO executives. They talked about education. They talked about school buildings. They talked about teachers. They

talked about getting rid of guns in schools. They talked about Social Security and Medicare. They talked about paying down the national debt. They talked about doing something about middle-income tax relief.

Please hear this, my colleagues. This bill is a bad bill. It is a reckless bill. It does absolutely nothing for 98 percent of the American people. Now, we proposed an alternative that would get something done if our friends would compromise. We said, let us give immediate relief to more than half the people with the smaller estates. We said, let us cut the estate tax immediately by 20 percent. We said that we can relieve 99 percent of all small businesses and family farmers from paying any estate tax.

We could have done that months ago. We can do that today. The President would sign a bill that was our alternative, that would give people immediate needed relief from the estate tax. But we did not do that, because, I guess, we have to spend this precious time on the floor getting this veto sustained.

This bill would give the largest 330 estates nationwide more than \$10.5 million in tax cuts, on average, every year. These estates are valued at more than \$20 million apiece and, meanwhile, 98 percent of our people would not see a dime in tax cuts. Add it up. When we add up all the figures, we are draining our surpluses. This bill in the second 10 years would cost over \$750 billion.

Let me finally say this. Last year, the Republicans sent us a trillion dollar tax cut. The President vetoed it. They did not even bring it back here for an override. So this year there was a better idea: let us cut it up into little sausage pieces and maybe we can fog one past the American people.

People do not want to spend the majority of this surplus on tax cuts, and they sure do not want to spend it on tax cuts for the wealthiest Americans. They want us to pay down the national debt. They want us to take care of Social Security and Medicare. They want us to spend these last days that we have on the floor in this session doing prescription medicine for our senior citizens in the Medicare program, getting a patients' bill of rights, and doing something to have better school buildings and more teachers and better education. They want us to have a minimum wage increase. They do not want this bill.

I urge Members to sustain the President's veto. Let us come back with the Democratic alternative. Let us get something done for the American people. Let us pay down the debt.

Mr. ARCHER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, today we continue our commitment to end the death tax that haunts American families, farms and

businesses. Today, we try to break the logjam created by yet another veto by a President who is determined to stonewall bipartisan actions by the Congress of the United States.

I listened with fascination to the minority leader who just spoke. Yes, there are differences that divide us. Major differences. Six years ago he proposed to reduce the exclusion in the death tax to \$200,000. Where is this new-found change in his position? The change came because the Republicans got a majority in the Congress that year. So today the Democrats say, oh, but we have a better alternative.

The gentleman even referred to what revenue losses will occur in the second 10 years. Who knows? No revenue estimator, public or private, can give us that number. The longest estimate that is out there is 10 years. But what we do know is that in our bill, that the President has just vetoed, the capital gains tax occurs on every sale of an asset from the wealthy estates left by the Bill Gateses of this world. Now, the Democrats do not tell us that. That is fairness.

We say death as an event should not trigger a tax. But when those assets are sold, handed down by the very wealthy, the tax is paid. That did not show up until in the second 10 years, but we do not get a revenue estimate on that because the estimators will not look out that far.

So I listen to this rhetoric of these numbers that are thrown around that are unsupportable and then the Democrats say, we will give immediate relief to the small businesses. But it is a shell game, another Democrat shell game. We think that our relief is under the shell, yet when we pick it up, the bean is not there. Because it is a fact that under the small business and farm exemption, only 3 percent of the people ever qualify for it. In the meantime, they have spent millions of dollars on estate planners.

So the Democrats say they are giving us something, but only 3 percent of the people they say they are going to help will ever qualify. Now, that is a reality. Just talk to anybody who knows anything about estate planning.

Repealing the death tax is the right thing for America. In the land of the free and the home of the brave it is astonishing that we let people be taxed after they die. That is certainly not the American Dream. It's an American nightmare.

My friend from Texas says people get taxed on their way to heaven. I say the death tax has given purgatory a new meaning. Death as an event should not trigger a tax. That is wrong. It should occur, as I mentioned, when the assets are sold.

Some have said the death tax is ghoulish, to think that someone who works for an entire life building up wealth, saving for children, starting a

business, running a farm or ranch and paying taxes the entire time gets hit once more from the grave. But as my friend, the gentleman from Texas (Mr. ARMEY), said, it is not the one who dies who pays the tax. It is the heirs who are left.

□ 1530

Now the Democrats will say, Oh, there are only 2 percent of the people that are affected, 98 percent get nothing; the 2 percent that die are not the receivers of the legacy, it is often spread out amongst hundreds of people. And they do not consider the jobs that are created by the 98 percent who work in those family farms and businesses unaffected. They say they are unaffected. They are affected directly. They lose their jobs.

Oprah Winfrey had it right when she said, I get angry every time I think about when I die, the Government will take 55 percent of what I have earned and saved. And why I am angry is because I have already paid taxes once. Why should I be taxed again? That is unfair.

The ancient Egyptians built elaborate fortresses and tunnels and even posted guards at tombs to stop grave robbers. In today's America, we call that estate planning, millions of dollars paid every year for estate planning.

This bill really helps those people who are going to be hit by a hidden tax. Because any middle-income American that has savings and 401(k)s and IRAs will pay a 73-percent tax on their IRAs and their 401(k)s at the time of their death.

This is unfair and we should repeal it and vote to override the President's veto.

Ms. PELOSI. Mr. Speaker, the federal government must not impose an excessive tax burden on working families, and I support targeted tax cuts to help families meet their needs and save for the future.

However, the Republican bill to eliminate the estate tax (H.R. 8) would cut nearly \$50 billion from the federal budget per year once fully phased in. Such substantial cuts would harm our ability to strengthen Social Security and Medicare, provide a prescription drug benefit to seniors, pay down the national debt, and provide our essential government services.

I am very concerned about the impact these cuts would have on families, businesses and communities across the country. In addition, the benefits of this cut favor the wealthiest 2% of Americans.

When we prioritize tax cuts over health, education, and labor, we make sacrifices that impact all Americans. We saw this in the House Labor/HHS/Education Appropriations bill where the proposed \$175 billion Republican tax cut translated into significant cuts in these important programs. Working families are being asked to make these sacrifices in exchange for a tax cut that would give \$300 billion to the 400 richest Americans. \$300 bil-

lion would pay for a prescription drug benefit for seniors for 10 years!

President Clinton has stated that he would support estate tax relief that is targeted to farm and small business estates. I agree that we should target estate tax cuts to the small businesses and farmers in greatest need. Democrats have offered a substitute that raises the special exclusion for farm and small business estates from \$675,000 to \$2 million per person. Any unused portion of the exclusion can be transferred to the surviving spouse, meaning that the total exclusion for farm and small business owning couples would become \$4 million.

The substitute also increases the general exclusion to \$1 million by 2006 and lowers the top marginal estate tax rate from 55% to 44%.

The cost of our bill is approximately \$22 billion over ten years. Not only is the Democratic approach more fiscally responsible, I believe that it is a much better alternative for small business owners and farmers because it will benefit nearly all of their families, and it provides immediate relief rather than the 10 year phase in that is included in the Republican bill.

Unfortunately, the Republican leadership has not allowed us to bring this proposal to a vote. I urge my colleagues to vote no on the override of the President's veto.

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to express my strong support for estate tax reform. Small businesses and farm owners should not be penalized for their success nor should they have to worry about their ability to pass the family business on to future generations. However, I will continue to oppose the estate tax relief as proposed in the bill under consideration today because it offers significant benefit for the very wealthy individuals subject to this tax without regard to the economy, future revenues or tax fairness. I will vote to sustain President Clinton's veto of this misguided effort.

Many middle class Americans believe they do not receive value for their taxes. An important component of any tax reform debate should focus on renewing taxpayer's confidence that they are not only being taxed fairly, but that their tax dollars are being spent wisely. It concerns me that we are considering repeal of the estate tax today without a broader discussion of reform of our tax policy. We don't make decisions in a vacuum and the decisions we make today will have an impact on future revenues and spending on priority initiatives. A vote to override the President's veto today can be viewed as a vote to give the wealthiest one percent of Americans an \$850 billion tax break over the next twenty years. This is contrary to the wishes of two Presidents, Theodore Roosevelt and William Howard Taft, who advocated for enactment of the estate tax.

In 1907, Theodore Roosevelt said the following regarding this progressive tax, "Such a tax would be one of the methods by which we should try to preserve a measurable quality of opportunity for the people of the generation growing to manhood." During his Inaugural Address in 1909, William Howard Taft said, "New kinds of taxation must be adopted, and among these I recommend a graduated inheritance tax as correct in principle and as certain and easy of collection." Historically, the richest

in our society are the ones who pay the majority of the estate tax, and the original justification for this progressive tax is still applicable today, but reform is needed as our economy and times change.

Currently, only two percent of people who die have enough wealth to be subject to the estate tax. Of the two percent who pay the estate tax, only three percent are small business owners or farmers. Economic experts point out that the majority of assets taxed under the estate tax are unrealized capital gains and tax-exempt bonds which have never been taxed.

I support estate tax relief which would exempt 99% of family farm estates from estate taxes. The measure I voted for earlier this year would have removed two-thirds of those who pay the estate tax from the tax rolls and increased the family exclusion for farms and closely held businesses to \$4 million by increasing the limit on the small business exclusion from \$1.3 million to \$2 million per spouse. This would have provided real relief immediately. H.R. 8 would not provide relief to a single farm or small business from the estate tax until 2010. This relief is needed now, not in ten years.

The measure I support would immediately increase the exemption equivalent of the unified credit against estate and gift taxes to \$1.1 million. It also would provide a twenty percent across the board reduction to the estate and gift tax rates.

I support estate tax reform which maintains fiscal responsibility. The cost of H.R. 8 is not offset and will cost the Treasury \$105 billion over ten years and \$750 billion over the second ten years. Fiscal discipline of the past eight years has brought us to time where we are enjoying economic growth and prosperity. Projected surpluses still require us to make difficult decisions about priorities, and I believe that the President was correct to veto this fiscally irresponsible tax bill.

I voted in favor of a fiscally responsible proposal, the Rangel Amendment to H.R. 8, to provide immediate relief to two-thirds of the individuals in Missouri faced with estate tax liability. On July 13, the New York Times reported that if H.R. 8 would have been law in 1997, more than half of the tax savings would have gone to approximately 400 individuals who died that year leaving individual estates worth more than \$20 million each. By contrast, the New York Times reported that the Democratic alternative which I supported would have exempted approximately 95% of all farmers who paid estate tax in 1997 and 88% of small business owners who paid the tax.

If the President's veto is sustained today, I hope my colleagues on both sides of the aisle will come together to find a targeted, fiscally responsible compromise which can be enacted into law before the 106th Congress adjourns this fall.

Mr. CAMP. Mr. Speaker, today we are working to repeal the death tax so that family businesses can be passed down to children and grandchildren, and family farms can continue to exist. Less than half of all family-owned businesses survive the death of a founder and only about five percent survive to the third generation. Under the tax laws that we currently have, it is cheaper for someone to sell a business before dying and pay the capital gains tax than to pass it on to his children.

It's clear and simple—the death tax is double taxation. Small business owners and family farmers pay taxes throughout their lifetime. At the time of death, they are assessed another tax on the value of their property. It would be like giving a friend a gift, which you already paid sales tax on, followed by your friend receiving a bill from the IRS for another cut. It is absurd.

Repealing the death tax makes good economic sense. One out of every three small-business owners expects all or part of their business will have to be liquidated when death taxes come due. That doesn't just mean that the family loses the business. It also means that the employees of that business are laid off. Repealing the death tax will not only save those jobs that would be lost—it will create new jobs. Death tax liabilities caused 26 percent of family businesses to reduce capital investments—investments that would have resulted in new jobs. Nearly 60 percent of businesses owners say they would add jobs over the coming year if death taxes were eliminated. Economists predict that repealing the tax would create 200,000 extra jobs every year.

Estate and gift tax collections amounted to less than 1.4 percent of the federal government's current annual budget. This tax is not worth the costs they impose on the economy, family businesses, and individuals. 70 percent of Americans believe this is one of the most unfair taxes. I happen to be one of those 70 percent. I encourage my colleagues to vote to override this veto and end this tax.

Mr. UDALL of Colorado. Mr. Speaker, I originally voted for this bill, but only very reluctantly. I will not vote to override the President's veto.

I am not voting to sustain the veto because I oppose estate-tax relief for family-owned ranches and farms or other small businesses. In fact, I definitely think we should act to make it easier for their owners to pass them on to future generations. This is important for the whole country, or course, but it is particularly important for Coloradans who want to help keep ranch lands in open, undeveloped condition by reducing the pressure to sell them to pay estate taxes.

But there is a better way to do it than by enacting this Republican bill.

That is why I voted for the Democratic alternative when the House originally considered this bill.

That Democratic alternative bill would have provided real, effective relief without the excesses of the Republican bill. It would have raised the estate tax's special exclusion to \$4 million for a couple owning a farm or small business. So, under that alternative, a married couple owning a family farm or ranch or a small business worth up to \$4 million could pass it on intact with no estate tax whatsoever.

Also, the Democratic alternative actually would have provided more immediate relief to small business and farm owners.

Unlike the Republican bill—which is phased in over 10 years—the Democratic alternative would have taken effect immediately. That means a couple passing on their farm or small business in the near future would avoid more tax under the Democratic plan than under the

Republican bill. They would not have to hope to live long enough to see the benefits.

In addition, by increasing the general exclusion from \$675,000 to \$1.1 million next year, the Democratic alternative would have allowed parents to pass on "millionaire" status to their children without a penny of estate tax burden. And the Democratic alternative also would have lowered estate tax rates by 20% across the board.

So, the Democratic alternative—which I voted for, which deserved adoption, and which would not have been vetoed—would have provided important relief from the estate tax and would have done so in a real, effective, and prompt way.

Furthermore, the Democratic alternative would have provided this relief in a fiscally responsible way that would not jeopardize our ability to do what is needed to maintain and strengthen Social Security and Medicare, provide a prescription drug benefit for seniors and pay down the public debt.

By contrast, it is precisely the fiscal overkill of the Republican bill that made me most reluctant to vote for it and that leads me to vote to sustain the President's veto.

As the Rocky Mountain News put it in a September 3rd editorial, "the Republican tax cut is a gamble that the present economic boom isn't going to slow" and is "fiscally irresponsible."

Once fully phased in, the Republican bill would forgo nearly \$50 billion a year in revenue with no guarantee that this revenue loss will not harm Social Security and Medicare in future years.

The bill's sponsors say it will cost \$28.2 billion over 5 years and \$104.5 billion over 10 years. But that is far from the whole story. Because of the way the bill is phased in, its true cost is cleverly hidden and does not show up until after the 10-year budget window.

That means the full effects of the Republican bill will come just at the time when we will have to face budget pressures because my own "baby boom" generation is starting to retire. And if we feel we need to "phase in" H.R. 8 because we cannot afford the full repeal now, how are we ever going to afford it 10 years from now?

We do not need to engage in this fiscal overkill.

According to the Treasury Department, under current law only 2% of all decedents have enough wealth to be subject to the estate tax at all.

To be more specific, the Treasury Department tells me that in 1997 estate-tax returns were filed for only 297 Coloradans.

Furthermore, according to the Treasury Department, of those estates that are affected by the estate tax, only 3%—that is only 6 in 10,000 American estates—were comprised primarily of family-owned small businesses, ranches, or farms.

Looking just at our state, that means that in 1997 fewer than a dozen estate-tax returns were comprised primarily of small businesses, ranches, or farms.

Of course, those numbers only relate to the cases in which an estate tax was actually paid. Clearly, in many other cases families have taken actions to forstall the estate tax. I understand that, and do think that in appro-

priate cases we should lessen the pressure that prompted some of those actions.

As I said, the Democratic alternative would have provided real, effective, and immediate estate-tax relief to the owners of small businesses, including farms and ranches, and would have done so in a fiscally responsible way. That is why I voted for it.

In contrast, the biggest beneficiaries of the Republican legislation are not these middle-class families who own small ranches or farms or other small businesses, but instead are very wealthy families with very large assets.

Over the past two decades, income and wealth disparities have increased. The Republican bill would increase those wealth disparities. I find this troubling, and it is another reason why I am not voting to override the President's veto.

I greatly regret that on this issue the Republican leadership has rejected bipartisanship. They have opted for confrontation with the President instead of cooperation in crafting a bill that could be signed into law. That is not a course I can support.

Mr. Speaker, if the President's veto is sustained—and I think it will be—we will have another chance to take a better path. I hope that the Republican leadership will decide to reach across the aisle and work to develop a better bill that can be signed before this Congress adjourns. If they do, they will find me ready to help.

Mr. LANTOS. Mr. Speaker, I will vote today to uphold the President's veto of the Estate Tax Elimination Act (H.R. 8).

When this legislation was first considered in the House in June, I strongly supported and voted for the Democratic alternative which was presented by Congressman RANGEL of New York. That proposal called for a significant reduction in the rate of taxation of estates and a 50 percent increase in the small business exclusion. The Rangel proposal was a thoughtful and reasonable effort to deal with the legitimate concerns of small businesses and family farms, but it did not have the problems of the legislation which was being urged by the Republican majority.

When the Rangel substitute was defeated by the House, I nevertheless voted for the adoption of H.R. 8 in order to continue the legislative process. Initial Senate action was much closer to the Rangel substitute, and I expected a House-Senate Conference Committee to produce a bill that I could support.

Unfortunately, Mr. Speaker, the Senate simply accepted the flawed version of the bill as adopted by the House and did not make those changes that would improve the legislation. President Clinton was right to veto this bill, and I will vote to sustain that veto.

Mr. Speaker, I urge my colleagues in the Republican leadership of this House to work with the Democratic leadership and with the President to craft legislation that deals with the legitimate problems of estate taxation and that provides the relief small businesses need. We need to deal with legitimate problems with the federal estate tax, but this bill is clearly the wrong way to do that.

Mr. GILMAN. Mr. Speaker, I rise today in strong support of overriding the President's veto of H.R. 8, the death tax Elimination Act of 2000 and I urge my colleagues to lend this effort their support.

The estate tax is an outmoded policy that has long outlived its usefulness. Alternatively known as the death tax, this tax was instituted in 1916 to prevent too much wealth from congregating with the wealthy capitalist families in early 20th century America. Regrettably, the law failed in its original purpose, as the truly wealthy are always able to shelter their income with the help of tax attorneys that the middle-class cannot afford.

In recent years, the estate tax has been responsible for the death of 85% of American small business by the third generation. Furthermore, countless number of farms have had to be sold in order to pay an outrageously high estate tax, ranging as high as 55% of the farms assessed value.

By forcing the sale of such farmland to outside buyers, often commercial developers, the estate tax has been a major contributor to suburban sprawl and unchecked growth in my congressional district in southern New York.

The most indefensible point about the estate tax, however, is the cost associated with enforcing and collecting at 65 cents out of every dollar taken in.

Given this cost, as well as the fact that the assets taxed under the estate tax have often already been taxed several times, it makes no sense to continue this illogical practice. Family-owned small businesses certainly would do better without the tax, as would family farms that still operate from generation to generation.

Accordingly, I urge my colleagues to join in supporting this veto override.

Mr. BENTSEN. Mr. Speaker, I rise in opposition to the override of H.R. 8. I am disappointed that Congress has been incapable of passing a measure to provide fiscally sound estate tax relief that could be signed into law this year.

During consideration of H.R. 8, I supported the Rangel Substitute Amendment, legislation that would have immediately cut all estate tax rates by 20% immediately and would have eliminated any estate tax for more than half of the people with the smallest estates who otherwise would have to pay some estate tax. The special exclusion that applies to estates would be increased to \$1.1 million in 2001, not 2006 as under current law. Moreover, under this measure, 99% of family-owned small businesses and farms would be exempted from estate tax by increasing the special exclusion to \$4 million per couple for small businesses and family-owned farms. Thus, rather than applying to the top 2% of all estates, only the top 1% would be subject to any tax. The cost of this measure would be \$22 billion over ten years.

Current law exempts from federal tax all estates up to \$675,000 in 2000. This exemption will rise to \$1,000,000 by 2006, with any federal estate tax applying only to the current value in excess of this amount. Estates in excess of the exemption are taxed at a marginal rate of between 18 and 55 percent. Furthermore, current law provides for closely-held, non-public businesses and farms to receive an exemption of \$1.3 million before being subject to any federal estate tax. For estates owned by married couples, this exemption is \$2.6 million. And, family farms are exempt from any tax for ten years, if the heirs continue to oper-

ate the farm. Estates passed onto a spouse are not subject to tax.

Complete repeal of the estate tax is skewed to give only the wealthiest 2% of families in America the largest tax cuts and would actually give less relief to smaller estates than the Democratic alternative for at least the first five years. Ninety-eight percent of Americans would see no benefit from H.R. 8, while 330 estates, valued at more than \$20 million each, would see a tax benefit of approximately \$10,530,850. It is a myth that H.R. 8 will enhance protections for small businesses and farms. Only about 3% of the total number of family-owned businesses and farms are subject to the estate tax according to the Treasury Department. It has been estimated that fewer than one in 20 farms will have to pay the estate tax upon the death of the owner. This is due, in large part to the passage in 1997 of the Taxpayer Relief Act (P.L. 105-34) which raised the effective deduction for qualified family-owned business interests to \$1.3 million per individual, which exempts almost all family farms and small businesses. Moreover, the few businesses and farms that are subject to the estate tax can make payments in installments over fourteen years at below-market interest rates.

But, repeal of the estate tax will result in a revenue loss of \$105 billion in the first ten years, rising to an annual loss of \$50 billion by 2011 and the cost in the second ten years would be at least \$750 billion. Thus, over twenty years, the total cost of H.R. 8, including extra interest, will be more than \$1.0 trillion. Where does the Majority propose to make up the difference? How do they propose to pay for other priorities like Medicare, Social Security and improvements to education?

Mr. Speaker, here we are, in the waning days of this Congress, no closer to providing a prescription drug benefit in Medicare or a Patients' Bill of Rights and having done nothing to further strengthen Social Security or Medicare or eliminate the federal debt by 2012. As a member of the Budget Committee, I continue to advocate that Congress preserve the budget surplus and use it to pay off the national debt while strengthening Social Security. The \$3.7 trillion dollar public debt is a tremendous burden on the economy. H.R. 8 jeopardizes our ability to protect Social Security and Medicare and pay down the national debt by creating a revenue loss, when executed, in excess of half a trillion dollars over ten years.

Mr. Speaker, I agree that there are many areas in our tax code warranting reform, including the estate tax, but to start here, with a repeal of tax that only affects the top 2% of all Americans is clearly not a correct priority. I have supported a plan to provide real relief, faster and more fiscally prudent. But, unfortunately, the Majority is more interested in sound bites than sound policy.

Mr. GARY MILLER of California. Mr. Speaker, I rise to urge my colleagues to override President's Clinton's nonsensical veto of H.R. 8, the "Death Tax Elimination Act."

Repealing the death tax would offer significant tax relief to working families and farmers throughout our nation. In my State of California, 80% of our economy's jobs are created as a direct result of small businesses. For

these working Americans, H.R. 8 will ensure future prosperity for their families and the individuals their business employs.

In addition to being a financial burden, the death tax is morally wrong. Throughout our lives, we are taxed every time we turn on the light, flush the toilet, earn an income, and even when we die. Taxing one's estate—property which has been subject to property taxes, capital gains taxes, and purchased with net income—is nothing more than double taxation. How can we, the legislators of the freest country in the world, justify this?

Most importantly, our budget can afford this tax relief. Don't be fooled by the rhetoric coming from the other end of Pennsylvania Avenue. Even when combined with the marriage penalty tax relief, these two tax cuts represent only 2% of our surplus.

Losing a loved one is tough enough. Let's make the grieving process a little bit easier by taking the IRS out of the funeral.

Mrs. MINK of Hawaii. Mr. Speaker, I will vote to override the President's veto of H.R. 8, the Estate Tax bill not because I favor repeal of the estate tax, but to send a message to the Democratic and Republican leadership that both sides must work to strike a compromise and pass a bill to reform the estate tax.

Clearly the estate tax has a deleterious effect on successful persons who hope to pass along homes to their children. In my State of Hawaii, property values are highly inflated and properties which would not result in any estate tax on the mainland are subject to estate tax in Hawaii. In 1997, the last year for which statistics are available, 2.5 percent of estates in Hawaii were subject to Federal estate taxes, compared to only 1.9 percent nationwide.

When H.R. 8 was originally considered, I first voted for the Democratic substitute which would have raised the exemption to \$4 million, lowered the tax rate and taken effect immediately. The Republican bill would not take full effect for ten years and it did nothing to lower rates. That is too long for many people.

We need to raise the exemption for estates to \$4 million or more, lower the tax rate and make the changes effective immediately. There is plenty of room for compromise between the two positions. Both sides must compromise, the Democrats as well as the Republicans.

Mr. KIND. Mr. Speaker, I rise today to oppose, HR 8, the Estate Tax Repeal.

The Leadership has scheduled a vote to attempt to override the president's veto of H.R. 8 in hope that they can take the backdoor route to enact the first installment of their \$2 trillion dollars of tax cuts that favor the wealthy over the working families. If this complete repeal of the estate taxes is adopted, it would provide \$200 billion of tax relief to the wealthiest 400 individuals in this country. Not only is this not fair it will make it harder to meet our existing obligations such as paying off the \$5-7 trillion dollar national debt, saving Social Security, investing in education and modernizing Medicare to provide a prescription drug benefit.

If the leadership were serious about providing estate tax relief to small businesses and family farms, they would have worked for a truly bipartisan estate tax that all members of

Congress would have supported and the president would have signed into law. There will be no estate tax relief, however, if the leadership is not willing to compromise.

With only 19 days remaining in this legislative session, why are we wasting our time debating a bill that benefits the few and prevents us from taking meaningful action on prescription drugs, a Patient's bill of Rights, school construction, and a modest increase in the minimum wage?

I believe we should provide relief to family farms and small businesses and that is why I supported the Rangel alternative that was offered during debate in July. This alternative would have provided fiscally responsible estate tax relief to all small business and family farms starting Jan. 1, 2001. Specifically, it would have immediately raised the special exclusion from the estate tax from \$675,000 to \$4 million for a couple owning a farm or small business and would have lowered the estate tax rates by 20% across the board.

Unfortunately, congressional leaders opposed this alternative and now continue to waste our time and the taxpayers money debating an estate tax bill that is doomed to fail, only to be used for political purposes during an election year.

Mr. Speaker, I hope we can still reach a compromise on tax relief. But we need sensible tax cuts that stay within a budget and go to working families. As Secretary Summers stated, "in this new era of surpluses, Congress faces profound economic choices that will affect all Americans. There is a strong case for targeted relief, but to put repeal ahead of increasing the minimum wage, putting in place a Patients' bill of Rights, giving tax relief for middle-income families, and strengthening Medicare and Social Security would be to sacrifice the economic interests of most Americans."

Mr. Speaker, I urge my colleagues to vote against H.R. 8. Any tax cut must be done in a fiscally responsible manner, and not derail the opportunity we have to reduce our large national debt, and prepare for our future obligations to our aging population.

Mr. WELDON of Florida. Mr. Speaker, I rise to express disappointment over Mr. Clinton's veto of the bipartisan bill to eliminate the death tax and vowed to work to override the veto once the bill is returned to the House for consideration. Death tax repeal legislation was passed in the House with a strong bipartisan vote (279-136) in June.

This bill would help working Americans who have built up family owned small businesses or family farms. I am pleased with the broad support this repeal legislation received across the political spectrum and I hope this will help us override this ill-advised veto.

The death tax unfairly forces many working families to sell the family businesses or a family farm just to pay the exorbitant taxes. This is a confiscatory tax that takes half of what someone has spent a lifetime building. When this bill becomes law, it will disinvite the Internal Revenue Service to the funeral.

Mr. Clinton and Mr. GORE have injected class warfare into this debate. But they must come to realize that this tax is burdensome to all small business owners, including many first generation minority-owned and women-owned

businesses. Small business owners have spent years building up family businesses in the hopes of passing them down to their children. The death tax kills these dreams. It forces these families to completely start over.

Repealing this tax will also help preserve open spaces. As cities encroach on agricultural lands, the estate tax forces most of these families to sell the farm to developers in order to pay the death taxes. Passing the death tax repeal will help us preserve these open spaces.

According to the National Federation of Independent Businesses (NFIB), more than 70 percent of small businesses do not survive the second generation and 87 percent do not make it to the third generation. Sixty percent of small-business owners report that they would create new jobs over the coming year if estate taxes were eliminated.

Repealing this unfair tax would help preserve small businesses, farms, and open spaces. It would keep family businesses together. It would keep family farms in families. It would create new jobs. Let's pass this repeal.

Mr. SMITH of Texas. Mr. Speaker, the death tax really amounts to a double or triple tax. People have already paid a tax on the income they have earned and then they have paid a tax on any gains they have made from investments or interest they have earned from savings and then the death tax hits them again.

It's the wrong tax at the wrong time on the wrong people.

Opponents say repeal of the death tax is not necessary because it affects relatively few estates and there is an exemption for the first \$675,000 of an estate. What they will not tell you is that any business with five or ten employees is usually worth more than that amount. And any farm or ranch that is relied upon by an individual as their sole source of income is going to be worth more than that amount, too.

Hard working Americans deserve to be able to leave on the results of their lifetime labor to their children or others. Small businesses and farms and ranches should not have to be sold simply because the owner passes away.

Mr. BLUMENAUER. Mr. Speaker, today's debate is really one of priorities and fiscal discipline, not the estate tax. There is no question that the inheritance tax is badly in need of reform. Since I came to Congress, I have supported increasing the exemption, adjustments for inflation, modification of rates, and protections for closely-held and family businesses. That approach would gain the support of the vast majority of my colleagues, and would also offer more immediate and more reliable relief than a phased-in repeal that could be halted at the first sign of economic trouble.

By contrast, the bill the President vetoed contained much less than met the eye—and much less than those who own businesses, woodlots and farms deserve. Far from offering predictability, certainly and immediate relief, this proposal promised only a roll of the dice, continuing current inequities over a ten-year period and inviting future freezes and reversals.

More fundamentally, since I have been in Congress, I have been dismayed by our ea-

gerness to act on the problems of those who need help the least, while ignoring those who need help the most. We have put the needs of children, senior citizens and working families of modest means on hold. For example, congress has proposed repealing the "death tax" that affects a few hundred of America's wealthiest people, but has done nothing to address the "life tax" that affects the poorest of the 1.6 million people—22 percent of America's elderly—in nursing homes. They cannot receive assistance with their nursing home costs, which run \$46,000 on average, unless they "spend down" their non-housing assets to less than \$2,000. This policy imposes financial hardship on the most vulnerable before they die—300,000 people in 1998 alone—and in some cases exacts an extraordinary cruel emotional toll, as when long-married couples are counseled to seek divorce.

Congress has done nothing to help the 1/3 of our poorest senior citizens who have not prescription drug coverage and pay the highest drug prices in the world. Nor has Congress addressed the health insurance needs of 11 million uninsured children. A study by the Oregon Center for Public Policy found that, despite an extraordinarily strong economy, working Oregonians were basically no better off than they had been ten or 20 years ago. One in seven working families with children is poor, and one in nine faces hunger at some point during the year.

This is part of a huge tax reduction that makes it harder to meet our long-term priorities while ignoring the needs of most American families. I do not believe that anyone should ever have to sell a family business because a principal has died. Nor do I believe that elderly Americans should have to divorce their spouses in order to afford a nursing home, or that parents should have to choose between providing food or health care for their children. If Congress acts responsibly, we can solve these problems. The President is correct in resisting a series of tax cuts that favor those who need help the least until there is equal attention to the plight of those who need our help the most.

Mr. KNOLLENBERG. Mr. Speaker, the Estate tax is one of the most egregious examples of bad tax policy in Washington. It's unfair, unseemly and economically unsound. Under the guise of making the rich pay their fair share, the death tax has a negative impact on the economy and hurts ordinary Americans. Ironically, those most affected by the death tax are not the wealthy, who have resources to shelter their assets as well as incentive to simply spend their wealth while they are alive but family owned businesses.

The death tax is one of the major reasons businesses don't survive because owners are forced to sell their businesses in order to pay the tax. Less than half of all family owned businesses survive the death of a founder and only 5% survive to the third generation.

The death tax forces businesses to divert money from productive uses such as capital investment and job creation to estate planning. Sixty percent of small businesses owners report they would create new jobs over their coming year if estate taxes were eliminated.

With the nation's savings rate at a record low, we should be encouraging savings, not

punishing it. Americans should not be taxed for working hard to pass their wealth on to their children so that they may have a better life. This legislation will help the American people and the American economy. I urge the President to reconsider and sign this bill into law.

Mr. BEREUTER. Mr. Speaker, this Member rises today to oppose the veto override of H.R. 8, the Estate Tax Elimination Act of 2000. This Member does not support the complete repeal of the Federal inheritance tax for the wealthiest Americans—billionaires and mega-millionaires.

On June 9, 2000, this Member voted for H.R. 8 based on his desire to move the inheritance tax reform process forward by dramatically increasing the Federal inheritance tax exemption level. In this Member's statement in the CONGRESSIONAL RECORD on June 9, 2000, he indicated that if a conference report did not change from the House-passed bill, this Member would vote no. But, of course, the Senate passed the House bill, and there was no conference report. Accordingly, this Member has given his word in writing that he would not vote for such a bill to become law. This Member cannot break his promise to his constituents.

If the Presidential veto is sustained, it is this Member's hope that meaningful legislation could be passed this year which would increase dramatically the exemption level to the Federal inheritance tax and would also provide a reduction in Federal inheritance tax rates for all those who pay this tax whether they are subject to the highest inheritance tax rate (55%) or the lowest inheritance tax rate (18%).

This Member is a long-term advocate of inheritance tax reduction, especially in regard to protecting small businesses and family farms and ranches. This Member believes that inheritance taxes unfortunately do adversely and inappropriately affect Nebraskan small business and family farms and ranches when they attempt to pass this estate from one generation to the next.

Accordingly, to demonstrate this Member's very real support for inheritance tax reform, this Member supported the Taxpayer Relief Act of 1997 which passed on July 31, 1997. This Act phased-in an increase in the unified credit exemption from the current level of \$675,000 to \$1.0 million in 2006. Also, it provided an immediate exclusion of \$1.3 million (not in addition to the broader exclusion) for a limited variety of eligible closely-held family farms and businesses.

At the current time, this Member does not support the complete elimination of inheritance taxes. It would be a great political error and controversy to eliminate the inheritance tax on people like Steve Forbes or other billionaires or mega-millionaires. Also, it would discourage some of the largest of the charitable contributions and the establishment of charitable foundations. The benefits of these foundations to American society are invaluable. Our universities and colleges, too, would see a very marked reduction in

the gifts they receive if the inheritance tax on the wealthiest Americans was totally eliminated. Despite the legal talents the super-rich can afford, such an inheritance tax change would have major consequence. The total elimination of the inheritance tax is a bad idea.

This Member's past vote for this legislation was a demonstration of his desire to move the inheritance tax reform process forward by increasing dramatically the exemption level to the Federal inheritance tax. There is overwhelming support among his constituents for this kind of reform.

It is important to remind constituents that Congress did pass into law the Taxpayer Relief Act of 1997, with this Member's support. This Act phased-in an increase in the unified credit exemption from the current 2000 level of \$675,000 to \$1.0 million in 2006. Also, it provided an immediate exclusion of \$1.3 million (not in addition to the broader exclusion) for a limited variety of eligible closely-held family farms and businesses.

Specifically, this Member does not support repealing the inheritance tax, with the final step completed in this legislation to zero percent inheritance tax from the year 2009 to the year 2010 as proposed. Instead, this Member prefers the Ewing approach which he enthusiastically supports. This Member is an original cosponsor of H.R. 4112 which was introduced by the distinguished gentleman from Illinois (Mr. Ewing) on March 29, 2000. This measure (H.R. 4112) would immediately increase the Federal inheritance tax exemption from a rate of \$675,000 to \$5 million and would then increase this exemption annually over the next three years until it reaches a total of \$10 million in 2003. After reaching the \$10 million level in 2003, the exemption would be indexed annually thereafter to account for inflation. Essential inheritance tax relief is provided by H.R. 4112 for even wealthy business and farm families. This Member is even willing to raise the exemption level beyond \$10 million to, for example, \$15 million.

By the way, most Nebraskans pay more state inheritance taxes than Federal inheritance or estate taxes so Nebraskans should also consider pushing for reductions or reforms in their state taxes.

Again, Mr. Speaker, for the aforementioned reasons, this Member rises today to oppose the veto override of H.R. 8, the Estate Tax Elimination Act of 2000.

Mr. PAUL. Mr. Speaker, I am pleased to rise in support of the Social Security Tax Relief Act (H.R. 4865). By repealing the 1993 tax increase on Social Security benefits, Congress will take a good first step toward eliminating one of the most unfair taxes imposed on seniors: the tax on Social Security benefits.

Eliminating the 1993 tax on Social Security benefits has long been one of my goals in

Congress. In fact, I introduced legislation to repeal this tax increase in 1997, and I am pleased to see Congress acting on this issue. I would remind my colleagues that the justification for increasing this tax in 1993 was to reduce the budget deficit. Now, President Clinton, who first proposed the tax increase, and most members of Congress say the deficit is gone. So, by the President's own reasoning, there is no need to keep this tax hike in place.

Because Social Security benefits are financed with tax dollars, taxing these benefits is yet another incidence of "double taxation." Furthermore, "taxing" benefits paid by the government is merely an accounting trick, a "shell game" which allows members of Congress to reduce benefits by subterfuge. This allows Congress to continue using the Social Security trust fund as a means of financing other government programs and mask the true size of the federal deficit.

Mr. Speaker, the Social Security Tax Relief Act, combined with our action earlier this year to repeal the earnings limitation, goes a long way toward reducing the burden imposed by the Federal Government on senior citizens. However, I hope my colleagues will not stop at repealing the 1993 tax increase, but will work to repeal all taxes on Social Security benefits. I am cosponsoring legislation to achieve this goal, H.R. 761.

Congress should also act on my Social Security Preservation Act (H.R. 219), which ensures that all money in the Social Security Trust Fund is spent solely on Social Security. When the government takes money for the Social Security Trust Fund, it promises the American people that the money will be there for them when they retire. Congress has a moral obligation to keep that promise.

In conclusion, Mr. Speaker, I urge my colleagues to help free senior citizens from oppressive taxation by supporting the Social Security Benefits Tax Relief Act (H.R. 4865). I also urge my colleagues to join me in working to repeal all taxes on Social Security benefits and ensuring that moneys from the Social Security trust fund are used solely for Social Security and not wasted on frivolous government programs.

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be determined by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 274, nays 157, not voting 4, as follows:

[Roll No. 458]

YEAS—274

Abercrombie	Barcia	Biggert
Aderholt	Barr	Bilbray
Andrews	Barrett (NE)	Billrakis
Archer	Bartlett	Bishop
Armey	Barton	Blagojevich
Bachus	Bass	Bliley
Baird	Bateman	Blunt
Baker	Berkley	Boehrlert
Ballenger	Berry	Boehner



Bonilla	Hayes	Pitts
Bono	Hayworth	Pombo
Boswell	Hefley	Porter
Boucher	Herger	Portman
Brady (TX)	Hill (MT)	Pryce (OH)
Bryant	Hilleary	Quinn
Burr	Hobson	Radanovich
Burton	Hoekstra	Rahall
Buyer	Holt	Ramstad
Callahan	Hooley	Regula
Calvert	Horn	Reynolds
Camp	Hostettler	Riley
Campbell	Houghton	Roemer
Canady	Hulshof	Rogan
Cannon	Hunter	Rogers
Capps	Hutchinson	Rohrabacher
Castle	Hyde	Ros-Lehtinen
Chabot	Inslee	Roukema
Chambliss	Isakson	Royce
Chenoweth-Hage	Istook	Ryan (WI)
Clayton	Jenkins	Ryun (KS)
Clement	John	Salmon
Coble	Johnson (CT)	Sanchez
Coburn	Johnson, Sam	Sandlin
Collins	Jones (CA)	Sanford
Combest	Kasich	Saxton
Condit	Kelly	Scarborough
Cook	King (NY)	Schaffer
Cooksey	Kingston	Sensenbrenner
Costello	Klink	Sessions
Cox	Knollenberg	Shadegg
Cramer	Kolbe	Shaw
Crane	Kuykendall	Shays
Cubin	LaHood	Sherwood
Cunningham	Lampson	Shimkus
Danner	Largent	Shows
Davis (VA)	Latham	Shuster
Deal	LaTourette	Simpson
Deahunt	Lazio	Sisisky
DeLay	Leach	Skeney
DeMint	Lewis (CA)	Skelton
Diaz-Balart	Lewis (KY)	Smith (MI)
Dickey	Linder	Smith (NJ)
Dooley	Lipinski	Smith (TX)
Doolittle	LoBiondo	Smith (WA)
Dreier	Lucas (KY)	Souder
Duncan	Lucas (OK)	Spence
Dunn	Maloney (CT)	Stearns
Ehlers	Manzullo	Stump
Ehrlich	Martinez	Sununu
Emerson	McCarthy (NY)	Sweeney
English	McCollum	Talent
Etheridge	McCrery	Tancredo
Everett	McHugh	Tanner
Ewing	McInnis	Tauscher
Fletcher	McIntosh	Tauzin
Foley	McIntyre	Taylor (NC)
Forbes	McKeon	Terry
Ford	Metcalf	Thomas
Fossella	Mica	Thompson (CA)
Fowler	Miller (FL)	Thornberry
Franks (NJ)	Miller, Gary	Thune
Frelinghuysen	Mink	Tiahrt
Gallegly	Mollohan	Toomey
Ganske	Moore	Trafficant
Gekas	Moran (KS)	Upton
Gibbons	Morella	Vitter
Gilchrest	Myrick	Walden
Gillmor	Nethercutt	Walsh
Gilman	Ney	Wamp
Goode	Northup	Watkins
Goodlatte	Norwood	Nussle
Goodling	Nussle	Watts (OK)
Gordon	Ose	Weldon (FL)
Goss	Oxley	Weldon (PA)
Graham	Packard	Weller
Granger	Paul	Whitfield
Green (WI)	Pease	Wicker
Gutknecht	Peterson (MN)	Wilson
Hall (TX)	Peterson (PA)	Wise
Hansen	Petri	Wolf
Hastert	Phelps	Young (FL)
Hastings (WA)	Pickering	

## NAYS—157

Ackerman	Blumenauer	Clay
Allen	Bonior	Clyburn
Baca	Borski	Conyers
Baldacci	Boyd	Coyne
Baldwin	Brady (PA)	Crowley
Barrett (WI)	Brown (FL)	Cummings
Becerra	Brown (OH)	Davis (FL)
Bentsen	Capuano	Davis (IL)
Bereuter	Cardin	DeFazio
Berman	Carson	DeGette

DeLauro	LaFalce	Pomeroy
Deutsch	Lantos	Price (NC)
Dicks	Larson	Rangel
Dingell	Lee	Reyes
Dixon	Levin	Rivers
Doggett	Lewis (GA)	Rodriguez
Doyle	Lofgren	Rothman
Edwards	Lowey	Roybal-Allard
Engel	Luther	Rush
Eshoo	Maloney (NY)	Sabo
Evans	Markey	Sanders
Farr	Mascara	Sawyer
Fattah	Matsui	Schakowsky
Filner	McCarthy (MO)	Scott
Frank (MA)	McDermott	Serrano
Frost	McGovern	Sherman
Gedden	McKinney	Slaughter
Gephardt	McNulty	Snyder
Gonzalez	Meehan	Spratt
Green (TX)	Meek (FL)	Stabenow
Gutierrez	Meeks (NY)	Stark
Hall (OH)	Menendez	Stenholm
Hastings (FL)	Millender-	Strickland
Hill (IN)	McDonald	Stupak
Hilliard	Miller, George	Taylor (MS)
Hinchee	Minge	Thompson (MS)
Hinojosa	Moakley	Thurman
Hoeffel	Moran (VA)	Tierney
Holden	Murtha	Towns
Hoyer	Nadler	Turner
Jackson (IL)	Napolitano	Udall (CO)
Jackson-Lee	Neal	Udall (NM)
(TX)	Oberstar	Velazquez
Johnson, E. B.	Obey	Visclosky
Jones (OH)	Oliver	Waters
Kanjorski	Ortiz	Watt (NC)
Kaptur	Owens	Waxman
Kennedy	Pallone	Weiner
Kildee	Pascarell	Wexler
Kilpatrick	Pastor	Weygand
Kind (WI)	Payne	Woolsey
Klecizka	Pelosi	Wu
Kucinich	Pickett	Wynn

## NOT VOTING—4

□ 1602

Ms. KAPTUR and Mr. HILLIARD changed their vote from “yea” to “nay.”

Mr. FORD changed his vote from “nay” to “yea.”

So, two-thirds not having voted in favor thereof, the veto of the President was sustained and the bill was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The message and the bill is referred to the Committee on Ways and Means.

The Clerk will notify the Senate of the action of the House.

## MAKING IN ORDER A MOTION TO SUSPEND THE RULES ON TODAY

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent to authorize the Speaker to entertain a motion to suspend the rules and pass H.R. 4844 today.

The SPEAKER pro tempore (Mr. WALDEN of Oregon). Is there any objection to the request of the gentleman from Pennsylvania?

There was no objection.

## RAILROAD RETIREMENT AND SURVIVORS' IMPROVEMENT ACT OF 2000

Mr. SHUSTER. Mr. Speaker, I move to suspend the rules and pass the bill

(H.R. 4844) to modernize the financing of the railroad retirement system and to provide enhanced benefits to employees and beneficiaries, as amended.

The Clerk read as follows:

H.R. 4844

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Railroad Retirement and Survivors’ Improvement Act of 2000”.

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

## TITLE I—AMENDMENTS TO RAILROAD RETIREMENT ACT OF 1974

Sec. 101. Expansion of widow’s and widower’s benefits.

Sec. 102. Retirement age restoration.

Sec. 103. Vesting requirement.

Sec. 104. Repeal of railroad retirement maximum.

Sec. 105. Investment of railroad retirement assets.

Sec. 106. Elimination of supplemental annuity account.

Sec. 107. Transfer authority revisions.

Sec. 108. Annual ratio projections and certifications by the Railroad Retirement Board.

## TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

Sec. 201. Amendments to the Internal Revenue Code of 1986.

Sec. 202. Exemption from tax for Railroad Retirement Investment Trust.

Sec. 203. Repeal of supplemental annuity tax.

Sec. 204. Employer, employee representative, and employee tier 2 tax rate adjustments.

## TITLE I—AMENDMENTS TO RAILROAD RETIREMENT ACT OF 1974

## SEC. 101. EXPANSION OF WIDOW’S AND WIDOWER’S BENEFITS.

(a) IN GENERAL.—Section 4(g) of the Railroad Retirement Act of 1974 is amended by adding at the end the following new subdivision:

“(10)(i) If for any month the unreduced annuity provided under this section for a widow or widower is less than the widow’s or widower’s initial minimum amount computed pursuant to paragraph (ii) of this subdivision, the unreduced annuity shall be increased to that initial minimum amount. For the purposes of this subdivision, the unreduced annuity is the annuity without regard to any deduction on account of work, without regard to any reduction for entitlement to an annuity under section 2(a)(1) of this Act, without regard to any reduction for entitlement to a benefit under title II of the Social Security Act, and without regard to any reduction for entitlement to a public service pension pursuant to sections 202(e)(7), 202(f)(2), or section 202(g)(4) of the Social Security Act.

“(ii) For the purposes of this subdivision, the widow or widower’s initial minimum amount is the amount of the unreduced annuity computed at the time an annuity is awarded to that widow or widower, except that—

“(A) in subsection (g)(1)(i) ‘100 per centum’ shall be substituted for ‘50 per centum’; and

“(B) in subsection (g)(2)(ii) ‘130 per centum’ shall be substituted for ‘80 per centum’ both places it appears.

“(iii) If a widow or widower who was previously entitled to a widow’s or widower’s